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U.S. Makers Of Small Pickups Say Japanese Rivals Dumping

A year after U.S. automotive industry executives went public with their complaints about the pricing of Japanese compact pickup trucks in the American market, the Big Three has still not filed an antidumping petition with the government. Instead, it has hit on a unique strategy -- asking the Reagan administration to "consult" with Tokyo in an effort to stop the alleged dumping. This call, contained in a March 29 letter from the Motor Vehicle Manufacturers Association to Commerce Secretary C. William Verity, was accompanied by a study of Japanese pricing commissioned by the automotive trade group. The report claimed that all five Japanese makers that market small pickups in the United States -- Toyota Motor Corp., Nissan Motor Co., Ltd., Mazda Motor Corp., Isuzu Motors Ltd. and Mitsubishi Motors Corp. -- are selling vehicles here for less than at home. Their alleged dumping margins ran from 10.9 percent to 46.9 percent.

At first glance it is difficult to understand why General Motors Corp., Ford Motor Co. and Chrysler Corp. have not gone the trade-complaint route when they have such presumably hard evidence of sales at less than fair value. MVMA officials lamely say that the pricing study was undertaken as a follow-up to several rounds of discussions between Big Three representatives and the Commerce Department, which has been looking into the possibility that Japanese exporters of trucks and a number of other products are dumping since their U.S. prices have not gone up by the full extent of the dollar's drop against the yen (see JEI Report No. 38B, October 9, 1987, and No. 10A, March 11, 1988).

Far from being a mystery, Detroit's strategy of trying to enlist the White House to run interference is a creative solution to a very basic problem. Even if an antidumping petition were filed and Commerce found less-than-fair-value sales by one or more Japanese makers of compact trucks, domestic producers would have an impossible job proving that they have been hurt, the second phase of any dumping proceeding. Sales of U.S. compact pickup nameplates set another record in 1987, jumping 18.5 percent to 782,000 vehicles, while the American import arms of Japanese manufacturers struggled to sell 623,000 small pickups, 19.5 percent fewer than 1986's total (see Table). Moreover, sales of the U.S. industry's downsized vans and sports-utility vehicles continued to break records last year, another reason the Big Three's profits of \$9.5 billion were just shy of 1984's all-time high.

Anticipating that the injury question would be the Achilles' heel of any antidumping complaint, the Washington law firm that prepared the MVMA study tried to build a case for lost production and profits. In this scenario GM, Ford and Chrysler could have produced an extra 140,000 compact pickups in 1987 if "dumping had not driven sales of imported trucks." The output lost was claimed to have cost the three makers \$130 million in earnings and industry workers \$140 million in wages and benefits. It also cost jobs, in Detroit's version of events, since manufacturers might have converted car plants that are being shut down to truck production if the return on small pickup sales had not been depressed.

Trade lawyers also speculate that the failure of GM's and Ford's Canadian subsidiaries to prove last month that dumping by Hyundai Auto Canada Inc. had hurt their car production plays a part in Detroit's decision to hold off filing a complaint against Japanese exporters of compact pickups. But another factor is undoubtedly at work as well. Companies that charge dumping cannot target specific competitors in an industry and in going after Toyota and Nissan, the Big Three would also hit their own affiliates -- Isuzu (GM), Mazda (Ford) and Mitsubishi (Chrysler).

Spokesmen for Japan's motor vehicle makers have repeatedly denied that the companies are selling compact pickups in the United States for less than in Japan, but neither they nor corporate representatives of other big exporting industries are taking Detroit's maneuvering lightly. The Big Three do not rule out filing an antidumping petition if the current strategy fails. That could open the floodgates for other formal complaints, starting with cars.

Susan MacKnight

U.S. Retail Sales of Light-Duty Trucks, 1986-87

(in units)

<u>Nameplate</u>	<u>1986</u>	<u>1987</u>
Compact Pickups	1,434,662	1,405,297
Toyota	320,702	252,946
Nissan	216,505	164,528
Mazda	157,127	123,699
Isuzu	51,827	44,297
Mitsubishi	28,307	37,835
Japanese Nameplates	774,468	623,305
Ford	269,490	305,295
Chevrolet	203,416	224,807
Dodge	107,751	164,638
GMC	46,084	49,191
Jeep	33,453	38,061
American Nameplates	660,194	781,992
Compact Vans	603,085	687,617
Toyota	33,290	19,414
Nissan	0	17,673
Mitsubishi	2	3,103
Japanese Nameplates	33,292	40,190
Ford	150,049	159,149
Chevrolet	147,932	148,205
Dodge/Plymouth	240,634	307,841
GMC	31,178	32,232
American Nameplates	569,793	647,427
Compact Sports-Utility	594,429	689,298
Toyota	30,158	31,423
Nissan	6,901	34,313
Isuzu	36,893	42,693
Mitsubishi	6,676	10,924
Suzuki	47,732	81,349
Subaru	4,142	1,274
Japanese Nameplates	132,502	201,976
Ford	103,020	120,905
Chevrolet	159,820	153,064
Dodge	4,768	19,539
GMC	39,027	38,841
Jeep	155,292	154,973
American Nameplates	461,927	487,322
Conventional Pickups	1,237,500	1,204,232
Conventional Vans	512,823	473,396
Conventional Sports-Utility	222,338	208,643
Total Light-Duty Trucks	4,604,837	4,668,483
Share of Japanese Nameplates		
Compact Pickups	54.0%	44.4%
Compact Vans	5.5%	5.8%
Compact Sports-Utility	22.3%	29.3%
Total Compact Trucks	35.7%	31.1%
Total Light-Duty Trucks	20.4%	18.5%

Source: Automotive News